

WILL DISASTER TO WEST GIVE FORTUNE TO EAST

A large number of republican newspapers in the west have recently printed an "editorial" prepared by the railroad literary bureau, which editorial is entitled "A Surrender to the East." That editorial follows:

Opponents of the legislation that proposes to grant to the interstate commerce commission the power to fix rates complain that they have not been given full opportunity to state their objections to the bill that the forthcoming congress will consider. There may be some truth in this, but the American people, as a nation are firm believers in fair play, and President Roosevelt's "square deal" policy has almost become an international slogan.

It is shown by those who do not believe the interstate commerce commission should be endowed with the rate-making power that, since 1870, rates have declined steadily. In that year the rate per ton per mile was \$1.99. This had declined until, in 1903, it was 76 cents. In a recent statement issued by the Illinois Central railroad for the year ending June 30, 1905, the rate was shown to have decreased to 58.7 cents, while for the year previous the rate had been 60.7 cents. This steady pounding down of transportation charges is credited to an increase of tonnage and improved efficiency in handling the traffic, conditions which every railroad in the country are striving for.

Again, this steady decline of rates opponents of the Esch-Townsend bill point out that if any governmental body is empowered to fix rates, a distance tariff will follow inevitably. Their conclusions are based on the constitutional provision that "no preference shall be given, by any regulation of commerce or revenue, to the ports of one state over those of another." The supreme court has defined a port as a market or central trading place, without any reference whatever to its proximity to or distance from a seaboard.

In the interests of the east, it is pointed out, the grant of any such power to a governmental body would work wonders. But these wonders would be worked to the total elimination of western competition and the prosperity of the east would mean a corresponding depression of the west. For instance, it is declared, the stockmen, grain growers, dairymen and fruit raisers of the middle western states would be shut out entirely from the eastern markets. Conditions might right themselves after a time by the establishment in the west of larger consuming centers, but this transition would entail such a period of panic and disaster that it might be likened to the killing of a patient to cure the disease.

This condition is foreseen by President A. B. Stickney of the Chicago Great Western, who said in Chicago recently:

"Let me tell you that it will be a brave man—if he realizes what he is doing, and mighty few legislators do—who will attempt to pass laws changing the present method of rate-making. It will bring about a complete readjustment of commercial conditions and it will 'bust' thousands of men. It is just as hazardous as the threatened revision of the government revenue tariff, for there are thousands of men who have started and built up industries under present conditions who will be 'cleaned out' completely, because they know no other way of doing business."

This is the condition as stated by those opposed to the forthcoming legislation—and in that opposition is included a large number of men prominent in the affairs of the nation. It is for the readers to determine whether their views are to be given consideration or to be passed lightly by.

The Commoner has printed interesting comments made by a gentleman who has had wide experience in railroad affairs upon the statements of Senator Foraker and other representatives of railroad interests. This same gentleman was requested to give his opinion with respect to the "editorial" above referred to. Responding to this request he says:

The pretended tone of disinterestedness and

impartiality which pervades it is a studied effort to catch the unwary. It has a sort of "Will you walk into my parlor" seductiveness about it that renders it dangerous if not exposed. It is evidently considered tempting bait for the western "sucker" judging by the wide publicity given it. It sails under the direful caption of "A Surrender to the East." Note the deftly worded appeal to the sympathies of the reader by slyly suggesting that the railroad interests may not be getting fair treatment, which, if true, would grate harshly upon the universal love for a "square deal" so characteristic of the American people. The great personal popularity of President Roosevelt is alluded to for the purpose of gaining a hearing. The opening paragraph is as follows:

Opponents of the legislation that proposes to grant the interstate commerce commission the power to fix rates complain that they have not been given a full opportunity to state their objections to the bill that the forthcoming congress will consider. There may be some truth in this, but the American people, as a nation, are firm believers in fair play, and President Roosevelt's "square deal" policy almost has become an international slogan.

The complaint about not having full opportunity to file objections is utterly without foundation as a perusal of the reports of the committees on interstate commerce of both the senate and house will show. Those familiar with railroad methods know that it would not be necessary to give them an opportunity; they would take it.

The next paragraph attempts to convince the reader that no legislation is needed by showing that railroad rates have declined during the past thirty years. Here it is:

It is shown by those who do not believe the interstate commerce commission should be endowed with the rate-making power that, since 1870, rates have declined steadily. In that year the rate per ton per mile was \$1.99. This had declined until, in 1903, it was 76 cents. This steady pounding down of transportation charges is credited to an increase of tonnage and improved efficiency in handling the traffic, conditions which every railroad in the country are striving for.

They wish to convey the impression that the decline has been continuous, while the general price level is now tending upward. The decline has not been continuous. In 1899 the rate was 72 cents, while in 1903 it was 76 cents, which proves that railroad rates are governed by the same rules that govern everything else. The merest tyro in economics knows that a general decline in commodity values took place from 1870 to 1899, and had not railroad rates also declined, the railroads would have absorbed the whole of the enormous increase in wealth during that period. There is nothing at all unusual about the decline in railroad rates. In European Russia the decline from 1890 to 1900 was 26.3 per cent, while in the United States the decline was only 22.3 per cent. We have not made this little excursion into the realm of statistics willingly for we always feel mystified when that term is used. This dislike for statistics found its origin in the fact that during the campaign of 1904 the most noted statistician in the government service prepared an official document which showed that the prices of the necessities of life were declining. We knew it was untrue, but what were we to do?

The next paragraph lays the ground plans for the "Surrender to the East." We quote as follows:

Against this steady decline of rates opponents to the Esch-Townsend bill point out that if any governmental body is empowered to fix rates, a distance tariff will follow inevitably. Their conclusions are based on the constitutional provision that "no preference shall be given, by any regulation of commerce or revenue, to the ports of one state over those of another." The supreme court has defined a port as a market or central trading place, without any reference whatever to its proximity to or distance from a seaboard.

A distance tariff is one in which the rates are based on the length of the haul. The rate per mile is not uniform, diminishing as the distance increases, but the rate are uniform for equal distances. Passenger rates, intrastate and interstate, are based on distances, although the rate per mile varies in the different states. Freight rates, too, are largely made on the basis of distance, but the rate per mile varies ac-

ording to density of traffic, length of haul, cost of railroad construction, and many other considerations. The purport of this paragraph is that the constitutional provision referred to will compel the adoption of the distance basis in making rates entirely, otherwise one port may be given a preference over another. For instance, the rate from New York to Chicago is higher than from Philadelphia, and higher from Philadelphia than from Baltimore; and higher to St. Louis than to Chicago. The distance from New York to St. Louis is approximately 1,060 miles. The distance from New Orleans to St. Louis is approximately 700 miles, yet the rate from New Orleans to St. Louis is higher than from New York. Now, to not violate the constitution, by giving preference to one port over another, the rate per mile from New York to St. Louis must be the same as the rate per mile from New Orleans. That is the contention.

This line of reasoning is based upon false premises. It assumes that the railroads can disregard distance and violate the constitution, while a governmental rate-making body would be bound to follow the interpretation they have placed upon it. If this provision is binding upon the government it would likewise be binding upon the railroads. The railroads are not superior to the government. If they can make legal rates without basing them on the length of the haul, the government can legally do so too. In what is known as the "Import Rate Case" the supreme court held that the roads operating between New Orleans and San Francisco, in connection with a steamship line between Liverpool and New Orleans, could legally charge and participate in a through rate of \$1.07, and at the same time charge like traffic originating at New Orleans, destined to San Francisco, \$3.70. They held that the effects of water competition between Liverpool and San Francisco rendered the conditions and circumstances dissimilar, and hence there was no unjust discrimination. That decision alone effectually disposes of the contention set forth by the railroad bureau.

We now pass to the actual conditions of "The Surrender." We quote again:

In the interests of the east, it is pointed out, the grant of any such power to a governmental body would work wonders. But these wonders would be worked to the total elimination of western competition and the prosperity of the east would mean a corresponding depression of the west. For instance, it is declared, the stockmen, grain growers, dairymen and fruit raisers of the middle western states would be shut out entirely from the eastern markets.

The hare-brained individual who originated that paragraph is likely to have his sanity inquired into if his identity becomes known. The idea that the east would increase in prosperity as the west becomes impoverished! Bosh! The east is dependent upon the west for food-stuffs, and in a trial of endurance the west would thrive and grow fat while the east would starve. Why, even the railroad stock market rises and falls as the western crop conditions are reported good or bad. Is it possible that the eastern people have undergone such physical and anatomical changes that they are able to extract bodily nourishment from gold bars and watered stocks? A steady diet of that kind for a short time would cause a yearning for some of the corn-fed stock of the west, and gold bars would willingly be exchanged for our grain and dairy products and fruits. We are not quite ready to surrender as yet.

This very remarkable production of the railroad literary bureau concludes with a quotation from President Stickney of the Chicago Great Western railway to the effect that it will take a brave man to legislate to change existing methods of rate-making. Well, we have the brave men and that is sufficient answer to that. It will be a sorry day when the American citizen has not the courage to attack and fight to the death, evils that creep into our government. It is bad enough to suggest surrender, but it is an insult to insinuate that we have not the courage of our convictions. The editorial referred to and prepared by the railroad literary bureau has been quite generally published throughout the west, and was apparently designed solely for western readers.

There is a vast difference between receiving and earning a salary of \$150,000 a year.

The "spirit of 1905" seems to have considerable of the "spirit of 1776" mixed in with it.